

# \$924m top bid for CBD site beats forecasts

## FC Commercial Trustee submits highest offer for Telok Ayer site

By **CHERYL ONG**

A BATTLE between four developers for a prime city centre commercial site yielded a top bid that easily trumped market forecasts.

FC Commercial Trustee, a unit of Frasers Centrepoint, offered \$924 million, or \$1,112 per sq ft (psf) per plot ratio (ppr) for the 99-year leasehold plot between Cecil and Telok Ayer streets.

This was 19 per cent above Far East Organization's bid of \$777.8 million – or \$936 psf ppr.

The other bids for the 7,603 sq m plot came from Maple-tree Investments and a joint tender from two private individuals.

Market experts were way off the mark. They had tipped a top bid of up to \$960 psf ppr when the site was put up for sale in June.

The top bid was above the \$1,005 psf ppr paid by Guocoland for a nearby plot, where it is building the Tanjong Pagar Centre, but Frasers Centrepoint says its offer

is still below its break-even cost of \$2,000 psf ppr.

“When we bid, we don’t know what the other bids will be. What is important is your break-even price and if you’re comfortable with it,” said group chief executive Lim Ee Seng yesterday.

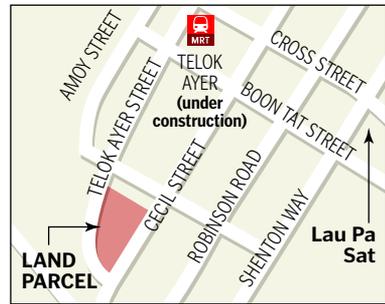
“This is a prime site, and when we complete the building in three to four years, I don’t think you can get a ready-made, high-end office building for that kind of money. It’s a long-term invest-



### LIMITED SUPPLY

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ment.”

Industry experts noted that demand for the plot could have been driven by expectations of a possible upswing in rents.

“The top bid of \$1,112 psf ppr reflects expectations of a stronger recovery in the office property market, which is currently stable with moderate demand,” said Jones Lang LaSalle Singapore research director Ong Teck Hui.

The site is one of the last remaining commercial plots in the financial district, experts added.

“Due to the limited supply of quality commercial sites or buildings within the Central Business District, it is not surprising that companies with commercial leasing as their core business will actively seek out new projects,” said CBRE Research associate director Desmond Sim.

The site can accommodate a 50-storey office block and could have a direct connection to Tanjong Pagar MRT station.

But any development on it cannot be sub-divided into strata office units for sale, according to Urban Redevelopment Authority restrictions.

“We might hold on to it and rent it out, or even inject it into our real estate investment trust in the future,” said Mr Lim.

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